

**MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION
Lake Charles, Louisiana**

**Annual Financial Report
June 30, 2014**

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STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

4827 IHLES ROAD

P.O. BOX 4265

LAKE CHARLES, LA 70606

(337) 513-4915 OFFICE / (337) 205-6927 FAX

steve@sderouencpa.com

INDEPENDENT AUDITOR'S REPORT

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

I have audited the accompanying statements of McNeese State University Alumni Association, (a non-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McNeese State University Alumni Association as of June 30, 2014, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the McNeese State University Alumni Association's June 30, 2013 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my reported dated August 26, 2013. In my opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
August 26, 2014

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Financial Position
As of June 30, 2014
With Summarized Comparative Totals as of June 30, 2013

| Assets | 2014 | 2013 |
|---|----------------------------|--------------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 392,522 | \$ 403,414 |
| Certificates of deposit | 211,340 | 269,319 |
| Prepaid expenses | 9,870 | 9,735 |
| Inventory | 5,552 | 5,551 |
| Total Current Assets | <u>619,284</u> | <u>688,019</u> |
| Property and Equipment | | |
| Equipment, fixtures & building improvements | 136,426 | 136,425 |
| Less accumulated depreciation | (117,536) | (111,423) |
| Total Property and Equipment | <u>18,890</u> | <u>25,002</u> |
| Other Assets | | |
| Construction in progress - pavilion | <u>664,901</u> | <u>-</u> |
| Total Assets | <u><u>\$ 1,303,075</u></u> | <u><u>\$ 713,021</u></u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Transfers payable - MSU events | \$ 43,519 | \$ - |
| Transfers payable - pavilion | 664,901 | - |
| Total Current liabilities | <u>708,420</u> | <u>-</u> |
| Net Assets | | |
| Unrestricted net assets | | |
| Board designated | 80,000 | 181,714 |
| Undesignated | 350,617 | 360,388 |
| Net fixed assets | 18,890 | 25,002 |
| Total Unrestricted Net Assets | <u>449,507</u> | <u>567,104</u> |
| Temporarily restricted | <u>145,148</u> | <u>145,917</u> |
| Total Net Assets | <u>594,655</u> | <u>713,021</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,303,075</u></u> | <u><u>\$ 713,021</u></u> |

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities
For the Year Ended June 30, 2014
With Summarized Comparative Totals for the Year Ended June 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>2014 Totals</u> | <u>2013 Totals</u> |
|--|---------------------|-----------------------------------|------------------------|------------------------|
| Public Support, Revenues, and Reclassifications | | | | |
| Public support | | | | |
| Contributions | \$ 159,667 | \$ 27,454 | \$ 187,121 | \$ 182,171 |
| Contributed facilities, salaries and expenses | 190,613 | - | 190,613 | 186,720 |
| Total public support | 350,280 | 27,454 | 377,734 | 368,891 |
| Revenues and reclassifications | | | | |
| Homecoming | 26,274 | - | 26,274 | 30,206 |
| Interest | 742 | - | 742 | 878 |
| License plate revenue | - | 22,323 | 22,323 | 25,021 |
| Miscellaneous programs | 34,948 | - | 34,948 | 41,034 |
| Sales of merchandise (net of cost) | 200 | - | 200 | 75 |
| Visa card income | 152 | - | 152 | - |
| Total revenue and reclassifications | 62,316 | 22,323 | 84,639 | 97,214 |
| Net assets released from restrictions | | | | |
| Satisfaction of program restrictions | 50,546 | (50,546) | - | - |
| Total public support, revenues, & reclassifications | 463,142 | (769) | 462,373 | 466,105 |
| Expenses | | | | |
| Program services: | | | | |
| Alumni chapters | 9,520 | - | 9,520 | 12,151 |
| Alumni events | 28,264 | - | 28,264 | 38,100 |
| Awards | 12,644 | - | 12,644 | 10,226 |
| Homecoming | 19,806 | - | 19,806 | 18,002 |
| Scholarships | 34,250 | - | 34,250 | 37,456 |
| MSU donations | 189,681 | - | 189,681 | 46,347 |
| Total program services | 294,165 | - | 294,165 | 162,282 |

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Activities (Continued)
For the Year Ended June 30, 2014
With Summarized Comparative Totals for the Year Ended June 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>2014 Totals</u> | <u>2013 Totals</u> |
|--|---------------------|-----------------------------------|------------------------|------------------------|
| Support services | | | | |
| General administration | | | | |
| Auditing and accounting | \$ 4,850 | \$ - | \$ 4,850 | \$ 7,775 |
| Bank charges | 5,911 | - | 5,911 | 1,915 |
| Building fund | 318 | - | 318 | 570 |
| Cable | 899 | - | 899 | 854 |
| Car allowance | 1,440 | - | 1,440 | 1,619 |
| Computer software/equipment | 21,606 | - | 21,606 | 19,688 |
| Computer training | 750 | - | 750 | 3,375 |
| Contract labor | 10,573 | - | 10,573 | 2,404 |
| Depreciation | 6,113 | - | 6,113 | 6,393 |
| Dues | 933 | - | 933 | 463 |
| Equipment | 587 | - | 587 | 217 |
| Insurance | 4,397 | - | 4,397 | 1,125 |
| Mavericks expense | 2,420 | - | 2,420 | 5,477 |
| Meetings | 1,798 | - | 1,798 | 1,668 |
| Office | 2,631 | - | 2,631 | 4,488 |
| Postage | 3,386 | - | 3,386 | 1,304 |
| Printing | 11,086 | - | 11,086 | 3,480 |
| Promotion | 5,852 | - | 5,852 | 3,593 |
| Rent | 7,748 | - | 7,748 | 7,748 |
| Salaries and benefits paid by MSU | 182,865 | - | 182,865 | 178,972 |
| Supplies | 2,718 | - | 2,718 | 2,786 |
| Miscellaneous | 484 | - | 484 | 142 |
| Travel | 2,906 | - | 2,906 | 2,737 |
| | <u>282,271</u> | <u>-</u> | <u>282,271</u> | <u>258,793</u> |
| Fundraising | 4,236 | - | 4,236 | 4,094 |
| Total support services | <u>286,507</u> | <u>-</u> | <u>286,507</u> | <u>262,887</u> |
| Total expenses | <u>580,672</u> | <u>-</u> | <u>580,672</u> | <u>425,169</u> |
| Change in net assets before income taxes | (117,530) | (769) | (118,299) | 40,936 |
| Income taxes, current portion | (67) | - | (67) | (393) |
| Change in net assets | <u>(117,597)</u> | <u>(769)</u> | <u>(118,366)</u> | <u>40,543</u> |
| Net assets - Beginning of Year | 567,104 | 145,917 | 713,021 | 672,478 |
| Net assets - End of Year | <u>\$ 449,507</u> | <u>\$ 145,148</u> | <u>\$ 594,655</u> | <u>\$ 713,021</u> |

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2014
With Summarized Comparative Totals for the Year Ended June 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|--------------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Receipts from contributors, programs, and passthrough events | \$ 314,537 | \$ 278,506 |
| Payments for programs, supporting services, and fundraising | (384,082) | (232,430) |
| Interest earned | 742 | 878 |
| Income taxes | <u>(67)</u> | <u>(492)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(68,870)</u> | <u>46,462</u> |
| Cash Flows From Investing Activities | | |
| (Purchase) redemption of certificates of deposit | 57,978 | (480) |
| Fixed asset acquisitions | <u>-</u> | <u>(3,445)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>57,978</u> | <u>(3,925)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (10,892) | 42,537 |
| Cash and Cash Equivalents - Beginning of Year | <u>403,414</u> | <u>360,877</u> |
| Cash and Cash Equivalents - End of Year | <u><u>\$ 392,522</u></u> | <u><u>\$ 403,414</u></u> |

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2014
With Summarized Comparative Totals for the Year Ended June 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------------|-------------------------|
| Reconciliation of operating income to net cash provided (used) by operating activities: | | |
| Change in net assets | \$ (118,366) | \$ 40,543 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operations: | | |
| Depreciation | 6,113 | 6,393 |
| (Increase) decrease in prepaid expenses | (135) | (375) |
| (Increase) decrease in inventory | (1) | - |
| Increase (decrease) in transfers payable - MSU | <u>43,519</u> | <u>(99)</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ (68,870)</u></u> | <u><u>\$ 46,462</u></u> |

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

McNeese State University Alumni Association is a nonprofit corporation organized to stimulate and nurture alumni interest in McNeese State University in order to enhance the university in its mission to provide support for students in the education and training needed to participate more effectively in the intellectual, economic, social and cultural life of our society. The Association's support comes from individual donor's contributions.

Method of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expense, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its State of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion,
- Temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time, and
- Permanently restricted net assets, which represent resources that are limited by donor-imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Public Support and Revenue

The Association complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Restricted net assets are reclassified to unrestricted net assets upon satisfaction or the time or purpose restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Promises to Give

Unconditional promises to give are recognized as receivables and as revenues in the period the Association is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair market value at the date of donation for contributed assets. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Depreciation of property and equipment totaled \$6,113 for the fiscal year ended June 30, 2014 and is computed principally by the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Building Improvements | 10 |
| Equipment, furniture and fixtures | 3 - 10 |

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. The Association is subject to income tax on unrelated business income which included the Visa card program. Income taxes were \$67 for the year ended June 30, 2014.

McNeese State University Alumni Association's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they are filed.

Contributed Services and Facilities

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. McNeese State University owns the facility that houses the McNeese State University Alumni Association. Office space is provided at no cost to the Association.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Inventory

Supply inventories are stated at lower of cost or market. Cost is determined using the specific identification method.

Fair Values of Financial Instruments

The Association has a number of financial instruments, none of which is held for trading purposes. The Association estimates that the fair value of all financial instruments as of June 30, 2014, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, certificate of deposits, prepaid expenses, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 2 - FIXTURES, EQUIPMENT, AND BUILDING IMPROVEMENTS

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2014:

| | |
|--------------------------------|------------------|
| Fixtures | \$ 90,451 |
| Equipment | 44,503 |
| Building Improvements | 1,472 |
| Less: Accumulated Depreciation | <u>(117,536)</u> |
| Total | \$ <u>18,890</u> |

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 4 - CONTRIBUTED FACILITIES, SALARIES, AND EXPENSES

The facilities and salaries contributed by McNeese State University are done so under the Affiliation Agreement between the University and the Alumni Association. The value of the contributed services, facilities, and expenses and the corresponding expenditures included in the financial statements for the year ended June 30, 2014 are as follows:

| | |
|---|-------------------|
| <u>Public Support</u> | |
| Contributed facilities, salaries and expenses | \$ 190,613 |
| <u>Expenses</u> | |
| Rent | 7,748 |
| Salaries and benefits | 182,865 |
| Total | \$ <u>190,613</u> |

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014, temporarily restricted net assets are available for the following purposes or periods:

| | |
|---|-------------------|
| Periods after June 30, 2014: | |
| Alumni chapters | \$ 29,302 |
| Scholarships | 87,662 |
| Brick Campaign | 28,184 |
| Total temporarily restricted net assets | \$ <u>145,148</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

| | |
|---|------------------|
| Purpose restriction accomplished: | |
| Alumni chapters | \$ 10,989 |
| Restricted donations | 3,770 |
| Sports medicine | 1,537 |
| Scholarships | 34,250 |
| Total temporarily restricted net assets | \$ <u>50,546</u> |

NOTE 6 - PRIOR YEAR BALANCES

Certain prior year amounts may have been reclassified to conform to current year presentation.

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 7 - PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

NOTE 8 - TRANSFER PAYABLE - PAVILION

On July 1, 2013, the Association entered into a one year lease agreement expiring on June 30, 2014 with McNeese State University. In accordance with the lease agreement the Association is obligated to construct a Pavilion on land owned and leased from McNeese State University. Construction costs of the Pavilion project were funded primarily by contributions and grants to the McNeese Foundation. The Pavilion costs to date paid directly from the McNeese Foundation equal \$664,901 and this project is still in progress at June 30, 2014. The Association expects the Pavilion project to be completed in September 2014 with an estimated total cost of \$729,316. As consideration for the leased land the Association will donate or transfer the Pavilion, once completed, to McNeese State University. Accordingly, the transfer amount owed to McNeese State University at June 30, 2014 is equal to the costs to date of the Pavilion project which total \$664,901.

NOTE 9 - INVESTMENTS

The Association applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.

Level 2 inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

MCNEESE STATE UNIVERSITY ALUMNI ASSOCIATION
Lake Charles, Louisiana
Notes to Financial Statements
June 30, 2014

NOTE 9 - INVESTMENTS (CONTINUED)

As of June 30, 2014, the Association's investments measured on a recurring basis consisted of certificates of deposit with fair market value (Level 2) and costs bases as follows:

| | Amortized Cost | Fair Value | Unrealized Loss |
|---|-------------------|---------------|--------------------|
| Certificates of Deposit (Level 2 Cost Basis) | \$ 211,340 | \$ 211,340 | \$ -0- |

NOTE 10 - SUBSEQUENT EVENT

The Association evaluated its June 30, 2014 financial statements for subsequent events through August 26, 2014, the date the financial statements were available to be issued. The Association is not aware of any subsequent events which would require recognition or disclosure in the financial statements.